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August 1, 2014

VIA HAND DELIVERY

The Honorable Jocelyn Boyd
Chief Clerk & Administrator
Public Service Commission of South Carolina
101 Executive Center Drive, Suite 100
Columbia, South Carolina 29210

RECEIVED
2014 AUG - 1 AM 10:22
SC PUBLIC SERVICE
COMMISSION

Re: **Duke Energy Carolinas, LLC Request for Approval of Contract with
First Quality Tissue SE, LLC**

Dear Ms. Boyd:

Pursuant to Rule 103-303 of the Commission's Regulations, Duke Energy Carolinas, LLC ("DEC") hereby files and seeks approval of an Electric Service Agreement ("Agreement") between DEC and First Quality Tissue SE, LLC ("First Quality Tissue"). If approved, the Agreement will become effective on the date of delivery of power by DEC for a new Line 3 to be installed by First Quality Tissue. The term of the Agreement is ten years from its effective date.

First Quality Tissue is a manufacturer of towel and bath tissue products. This Agreement relates to a recently announced \$350 million expansion of its Anderson, S.C. plant that is expected to add 200 jobs at the facility. The Agreement will also apply to another potential expansion in the next few years.

Due to the commercial sensitivity and proprietary nature of certain provisions of this Agreement, as well as the highly competitive nature of the industry in which First Quality Tissue operates, DEC and First Quality Tissue respectfully request that the Commission find that the Agreement contains protected information and issue a protective order barring disclosure of the Agreement under the Freedom of Information Act, S.C. Code Sections 30-4-10 et seq., Regulations 103-804(S)(1) or any other provision of law. Pursuant to R.103-804(S)(2), the determination of whether a document may be exempt from disclosure is within the Commission's discretion.

Jocelyn Boyd
Chief Clerk & Administrator
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In order to protect the confidential information in the Agreement, and in accordance with Commission Order No. 2005-226, Docket No. 2005-83-A, we are filing with this letter a redacted version of the Agreement that protects the confidential information in the Agreement while making publicly available the non-confidential portions of the Agreement. We are also filing a copy of the unredacted Agreement. As required by Order No. 2005-226, the unredacted version is being filed in a sealed envelope marked "CONFIDENTIAL" and each page of the document is stamped "CONFIDENTIAL."

By copy of this letter, we are providing the Office of Regulatory Staff with a redacted copy of the Agreement for its records. Additionally, DEC will make the original, unredacted copy of the Agreement available to the ORS for its review.

Thank you for your assistance and consideration of this matter. If you have any questions, please do not hesitate to contact us.

Sincerely,

A handwritten signature in black ink, appearing to read "Timika Shafeek-Horton".

Timika Shafeek-Horton
Deputy General Counsel

TSH/
Enclosures

cc: Nanette Edwards, Office of Regulatory Staff
Shannon Bowyer Hudson, Office of Regulatory Staff
Jeffrey M. Nelson, Office of Regulatory Staff
John Flitter, Office of Regulatory Staff

ELECTRIC SERVICE AGREEMENT

DUKE ENERGY CAROLINAS, LLC, (hereinafter called the "Company") and **FIRST QUALITY TISSUE SE, LLC**, (hereinafter called the "Customer") do hereby mutually agree and consent, subject to the following conditions, that the Company shall sell and deliver electric power to the Customer, and the Customer shall purchase, receive, and pay for same:

1. **Service Address.** **441 Masters Blvd., Anderson, South Carolina.**

2. **Service Requirements.** The electric power to be delivered hereunder shall be at approximately **12,470/7,200 volts, 4 wires wye connected grounded neutral.** The contract demand on and after the Delivery Date for [REDACTED] shall be [REDACTED] Kilowatts as set forth in Paragraphs 7 and 8.

3. **Rate Schedule and Service Regulations.** The sale, delivery, and use of electric power hereunder, and all services of whatever type to be rendered or performed in connection therewith, shall in all respects be subject to and in accordance with all the terms and conditions of the Company's **Rate Schedule [REDACTED] with Rider [REDACTED]** and its Service Regulations **[REDACTED]**, both of which are now on file with the **Public Service Commission** of the State of **South Carolina** ("Commission") and are hereby incorporated by reference and made a part hereof as though fully set forth herein. The minimum monthly bill for electric power and energy shall be calculated in accordance with the minimum bill provisions of the attached rate schedule and the customer charge and the demand charge portion shall not be less than **[REDACTED]** per month during the four summer months and **[REDACTED]** per month during all other months. Said Rate Schedule and Service Regulations are subject to change, revision, alteration or substitution, either in whole or part, upon order of said Commission or any other regulatory authority having jurisdiction, and any such change, revision, alteration, or substitution shall immediately be made a part hereof as though fully written herein, and shall nullify any prior provision in conflict therewith.

4. The effective date of this **Agreement** shall be the date that power is first delivered to and through Line 3 ("Delivery Date").

5. The term of this **Agreement** shall be **10 years from the Delivery Date [REDACTED]** and thereafter from year to year until terminated. The parties shall have the right of termination provided in the attached Rate Schedule, as from time to time amended; and in the absence of any such provision, either party may terminate this Agreement upon written notice to the other delivered at least sixty (60) days in advance of the termination of the original term or any then existing additional term.

6. The beginning of delivery of electric power as set out in Paragraph 4 is dependent upon the Company securing from the manufacturers of same all necessary apparatus, equipment and material for the delivery of said power, and the Company shall not be required to deliver said power until it shall have secured and installed such equipment, apparatus and material.

7. The maximum amount of electric power which the Company shall be required to deliver at each delivery point and the approximate delivery voltage shall be as follows:

<u>Delivery Point</u>	<u>Contract Demand Kilowatts</u>	<u>Approximate Delivery Voltage</u>	<u>Effective Date</u>
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A contract amendment, [REDACTED] will be used to identify the delivery voltage and adjust the Contract Demand as set forth above in the event the customer in the future requests service to a [REDACTED]

8. The contract demand, minimum monthly bill and Extra Facilities Charges for electric power shall be in accordance with the following schedule:

<u>Contract Demand Kilowatts</u>	<u>Monthly Minimum Bill Summer Months</u>	<u>Monthly Minimum Bill Winter Months</u>	<u>Extra Facilities</u>
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In the event the customer requests service to [REDACTED] in the future, a contract amendment, consistent with Appendices 1 and 2, will be used to adjust the Contract Demand, minimum bill and Extra Facilities Charge set forth above. See Appendix 1 and 2.

9. The Company agrees to furnish, install, own and maintain certain Extra Facilities, hereinafter described, which shall be in addition to facilities which the Company will furnish without cost in accordance with the rate schedule set forth in this agreement, which schedule provides for service under the standard form of contract at one point, through one meter, at one voltage. In consideration of the Extra Facilities to be provided, the Customer agrees that the service rendered hereunder shall be used only in a single enterprise located entirely on a single contiguous premises, and agrees to pay the Company an Extra Facilities charge as listed in Paragraph 8 per month each month and this charge shall continue for as long as service is provided under the terms and conditions of this contract, which amount shall be paid in addition to the monthly charge for electric power and energy.

Extra Facilities to be provided by the Company shall consist of those facilities requested by Customer [REDACTED]

[REDACTED] which are in addition to those normally provided to serve this amount of power at one voltage under one contract and at one delivery point. [REDACTED]

The monthly charge for the Extra Facilities to be provided under this contract is subject to the charges set forth in paragraph 8, and is subject to change [REDACTED]

[REDACTED] The charges for Extra Facilities made as a result of a contract amendment [REDACTED] are described in Appendix 1.

10. The minimum contract term shall be ten (10) years. [REDACTED]

11. All terms and conditions of Schedule [REDACTED] shall apply to the service supplied to the Customer except as modified by this Rider.

12. The delivery point shall be at the disconnecting switches mounted on pole structures adjacent to the Company's substations at or near the Customer's plant.

13. [REDACTED]

[REDACTED]

14. Beginning with the Operational Date, a credit based on the percentage specified in Rider [REDACTED] shall be applied to the bill for the New Load contracted for under this Rider, calculated on the applicable rate schedule, including the Basic Facilities, Demand Charge, Energy Charge, or Minimum Bill (as specified in Paragraph 8) excluding other applicable riders, and excluding Extra Facilities Charges. See Appendix 2.

15. If at any time during the term of contract under this Rider the customer violates any of the terms and conditions of the Rider or the agreement, the Company may discontinue service under this Rider, and bill the Customer under the applicable schedule without further credits. In the event the Customer requests an amendment to or termination of an agreement under this Rider before the expiration of the initial term of the agreement, the Customer will be required to pay the Company as an early termination charge the lower of:

(a) The net present value of the monthly minimum bills, including, but not limited to basic facilities, demand, and extra facilities charges, for the remaining term under the agreement less the expected net present value of the monthly minimum bills for the initial term of contract of any successor customer who has applied for service at the premises prior to the effective date of the contract amendment or termination, provided, however, this amount shall not be less than zero.

or

(b) The sum of:

1) The loss due to early retirement (LDER) of all transmission and distribution facilities specifically installed by the Company in order to provide the Customer with electric service under the agreement to the extent that such facilities will not be utilized by the Company to provide service under the initial term of contract of any successor customer who has applied for service at the premises prior to the effective date of the contract amendment or termination. The LDER amount shall be calculated as the installed cost of such facilities less accumulated depreciation, less salvage value, plus removal cost, provided, however, this amount shall not be less than zero;

and

2) The repayment of credits received under this Rider to the extent required based upon the marginal cost to serve the Customer. This repayment obligation shall be calculated as the difference between the net charges to the Customer under the applicable rate schedule after the application of any credits received under this Rider and the Company's marginal cost to serve the Customer; provided, however, that this amount shall not be less than zero and shall not be greater than the total credits received by the Customer under this Rider. The Company's marginal cost shall be calculated under the Company's Schedule HP(SC) Hourly Pricing for Incremental Load.

16. The Customer's Federal Tax I.D. is [REDACTED].

17. The power contracts entered into by the Company and the Customer under dates of [REDACTED] for the above mentioned plant of the Customer shall continue in effect until the beginning of delivery of power hereunder, and thereafter said contracts shall be cancelled and rendered of no effect, except that the Customer shall remain liable to the Company for all sums of money due under the terms of said contracts for electricity provided prior to the effective date.

The above contract, along with the following attachments [REDACTED] Rate Schedule, Rider [REDACTED] and Appendices 1 and 2 to this Agreement) constitutes the entire agreement of the parties and there are no other agreements, written or oral between the parties as of the date of the signing of this document.

IN WITNESS WHEREOF, on the day and year first above written, the parties hereto have caused their corporate names to be hereunto subscribed, and their signatures hereunto affixed by and attested by their respective authorized personnel. Executed in duplicate.

FIRST QUALITY TISSUE SE, LLC

By: [Signature]

Name: Moshe Oppenheim
(Type/Print)

Title: Assistant Secretary

Date: July 23, 2014

WITNESS:

By: [Signature]

Name: Julia Frankel
(Type/Print)

Title: Business Practices Administrator

Date: July 23, 2014

DUKE ENERGY CAROLINAS, LLC

By: [Signature]

Name: Jamie M. Hendrix
(Type/Print)

Title: Power Contracts Administrator

Date: July 30, 2014

WITNESS:

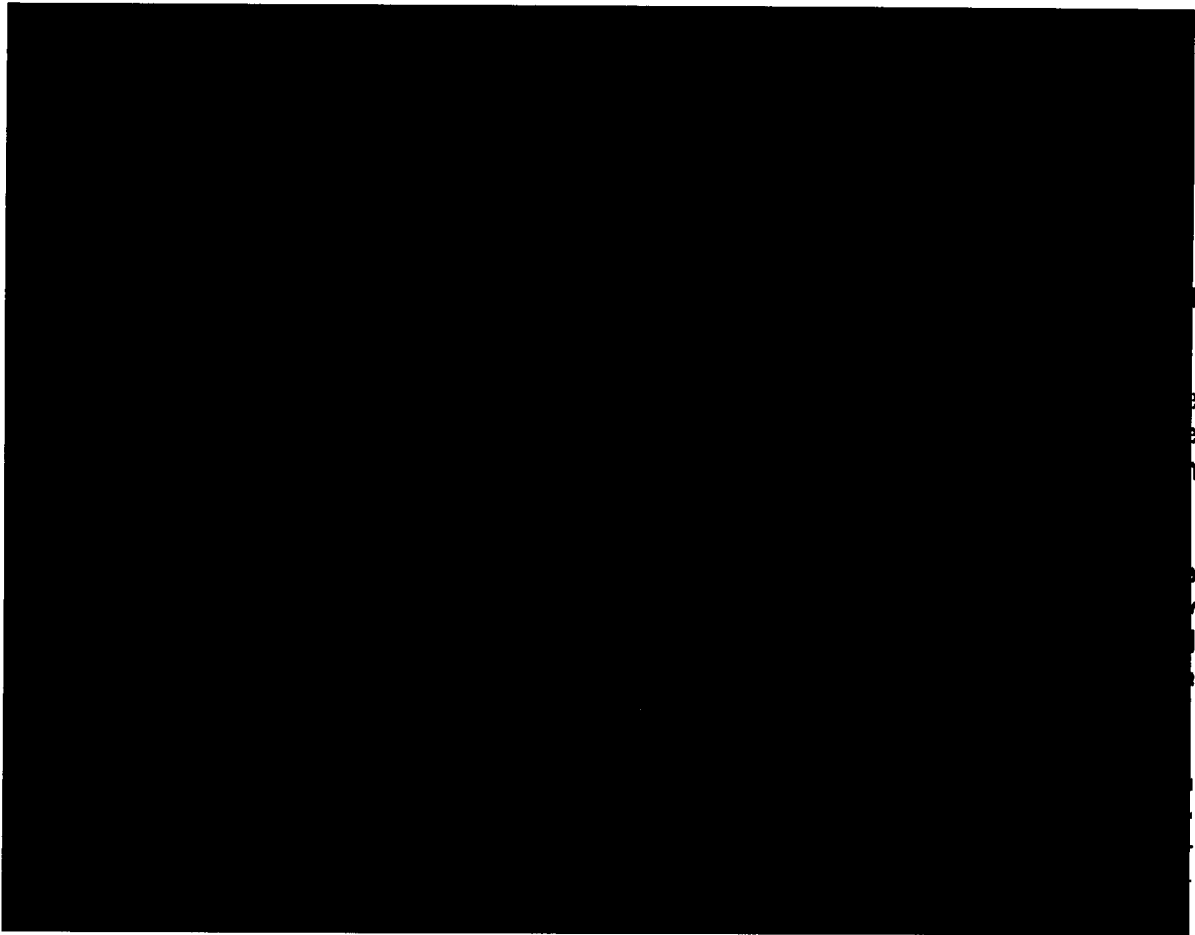
By: [Signature]

Name: Sherr [Signature]
(Type/Print)

Title: Executive Assistant

Date: July 30, 2014

APPENDIX 1



APPENDIX 2

[REDACTED]

1. [REDACTED]
2. [REDACTED]
3. [REDACTED]
4. [REDACTED]
5. [REDACTED]

AGREEMENT NO. 7104-B

ELECTRIC SERVICE AGREEMENT

DUKE ENERGY CAROLINAS, LLC

WITH

FIRST QUALITY TISSUE SE, LLC
